

## Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 IO-14 SAJ-01 NIC-01 EB-11 FAA-00 CEQ-02 EPA-04

FEA-02 ACDA-19 SCI-06 INT-08 DRC-01 DOTE-00 /169 W

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R 271030Z JUN 74

FM USMISSION BERLIN

TO SECSTATE WASHDC 3581

AMEMBASSY BONN

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

CINCEUR FOR POLAD

CINCUSAREUR FOR POLAD

USELMLO/CASTEAU

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

AMEMBASSY VIENNA

AMEMBASSY COPENHAGEN

AMCONSUL ZURICH

S E C R E T SECTION 1 OF 2 BERLIN 1079

N O F O R N

E.O. 11652: GDS

TAGS: PGOV, WB

SUBJECT: U.S. POLICY ASSESSMENT BERLIN: QUARTERLY REVIEW

REF: BERLIN A-70

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1. SUMMARY: CONTROVERSY OVER BERLIN ISSUES DURING PAST QUARTER HAS BEEN DAMPENED, FIRST BY UNCERTAINTY ABOUT FUTURE OF OSTPOLITIK ENGENDERED BY GUILLAUME AFFAIR AND ENSUING CHANGE OF GOVERNMENT IN BONN; AND, SECONDLY, BY DISINCLINATION TO BRING DIFFERENCES INTO RELIEF ON THE EVE OF MOSCOW SUMMIT. ALTHOUGH "TRUCE" OVER NEW FEDERAL PRESENCE IN WEST BERLIN HOLDS, IT IS ACCOMPANIED BY CONCERN LEST ALLIES LET IT GROW INTO TOTAL BAN ON LEGITIMATE NEW ACTIVITIES IN CITY. SUCH A TREND SHOULD BE RESISTED. SOVIET AND EAST GERMAN CHALLENGES TO WEST BERLIN'S REPRESENTATION BY FRG, TAKE-OVER OF FEDERAL LEGISLATION IN BERLIN, ETC., CONTINUE, BUT AT NON-STRIDENT LEVEL, AND MEASURED TONE OF CASE-BY-CASE ALLIED RESPONSES SEEMS APPROPRIATE. SENAT COOPERATION WITH ALLIES IN REGARD TO NEGOTIATIONS WITH GDR HAS IMPROVED, BUT THERE IS NO PROSPECT OF LESSENED GDR EFFORTS TO EXACT FROM WEST BERLIN PRICE IN LEGAL FORM AND POLITICAL THEORY FOR ANY TANGIBLE, PRACTICAL BENEFITS.

2. SOVIETS HAVE NEGLECTED NO OPPORTUNITY TO BUILD UP THEIR PRESENCE IN WESTERN SECTORS BY EXTRACTING MAXIMUM MILEAGE FROM THE QA, PROVIDING ATTRACTIVE ARRAY OF CULTURAL PRESENTATIONS, AND BY ATTEMPTING TO INSERT THEMSELVES IN WEST BERLIN DECISION MAKING PROCESS. CONTINUED VIGILANCE IS CALLED FOR TO PREVENT USURPATION OF FOURTH-POWER STATUS TO WHICH THE ALLIES DID NOT AGREE.

3. IMAGINATIVE IDEAS TO IMPROVE INTERNATIONAL AIR SERVICE TO WEST BERLIN HAVE RUN INTO DIFFICULTIES IN FORM OF CONTINUED GDR REFUSAL OF OVERFLIGHT RIGHTS TO NON-ALLIED CARRIERS, RELUCTANCE OF OTHER COUNTRIES TO PERMIT PAN AM TO PROVIDE LINKAGE TO ITS EXISTING INTERNATIONAL ROUTES THROUGH CORRIDORS, AND UK ATTEMPTS TO PRESERVE BRITISH AIRWAYS' FINANCIAL POSITION. WITH MAJOR US CHARTER COMPANY IN FINANCIAL DIFFICULTY, VIGOROUS EFFORTS WILL BE REQUIRED BOTH TO KEEP CITY'S TRAFFIC FROM DROPPING FURTHER AND TO ASSURE UTILIZATION OF NEW AIR FACILITIES ABOUT TO OPEN AT TEGEL. END SUMMARY.

4. ALTHOUGH STATE A-3313 WAS RECEIVED AFTER SUBMISSION REF AIRGRAM, WE FIND, ALLOWING FOR PECULIAR CIRCUMSTANCES IN BERLIN, WE FOLLOWED FORMAT FOR ANNUAL POLICY ASSESSMENT  
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CLOSELY ENOUGH TO WARRANT SUBMISSION THIS MESSAGE AS FIRST QUARTERLY REVIEW. US INTERESTS, GOALS, AND OBJECTIVES REMAIN UNCHANGED; DISCUSSION THAT FOLLOWS IS KEYED TO POLICY ISSUES DISCUSSED PART II, WHICH OTHERWISE REMAINS CURRENT, AS DO MISSION'S RECOMMENDED COURSES OF ACTION. ONE GENERAL COMMENT: TEMPERATURE OF CONTROVERSY OVER BERLIN HAS BEEN LOWERED IN RECENT WEEKS BECAUSE NEW BONN GOVERNMENT IS APPARENTLY DE-EMPHASIZING OSTPOLITIK, WHILE SOVIETS AND EAST GERMANS APPEAR

TO BE DISINCLINED TO GET OFF TO BAD START WITH SCHMIDT ADMINISTRATION OR TO STIR UP ADDITIONAL DIFFICULTY IN WAKE OF GUILLAUME AFFAIR AND BRANDT RESIGNATION. MOREOVER, THERE APPEARS TO BE MUTUAL UNWRITTEN AGREEMENT BY SOVIETS AND US ON EVE OF MOSCOW SUMMIT (AS WELL AS ON PART OF BRITISH, FRENCH AND BONN) NOT TO FORCE SHOWDOWN ON FEDERAL PRESENCE IN BERLIN, WHICH WAS A MAJOR ISSUE THREE MONTHS AGO. AS NOTED BELOW, HOWEVER, THIS, AS WELL AS SOME OTHER CENTRAL BERLIN ISSUES, REMAIN LARGELY UNRESOLVED.

5. ISSUE 1 - COMPLIANCE WITH QA: SINCE GDR ARBITRARILY DOUBLED CURRENCY-EXCHANGE REQUIREMENTS LAST NOVEMBER, VISITS OF WEST BERLINERS TO EAST BERLIN AND GDR HAVE DROPPED APPROXIMATELY 30 PERCENT COMPARED WITH PREVIOUS YEAR. FOLLOWING GUILLAUME AFFAIR, THERE WERE STRONG GDR HINTS RULES WOULD BE MODIFIED, BUT SENAT NEGOTIATORS WHO RUSHED TO EAST BERLIN TO GET WORD FOUND THEMSELVES WAITING FOR DINNER THAT WAS NEVER SERVED. IT APPEARS GDR WISHES TO TRADE RESCISSION OF WHAT IS GENERALLY REGARDED AS VIOLATION OF IMPLEMENTATION OF QA FOR NEW SENAT AND/OR FRG CONCESSIONS. WE BELIEVE SENAT IS CORRECT IN REFUSING TO PLAY THIS GAME ON GDR TERMS.

6. IN RETROSPECT, MOST PARTIES ARE AGREED DECISION TO ESTABLISH FEDERAL ENVIRONMENT AGENCY (FEA) IN WEST BERLIN, HOWEVER WELL JUSTIFIED, WAS HANDLED BADLY POLITICALLY. STEPS TAKEN TO DAMPEN CONTROVERSY HAVE DOUBTLESS CONTRIBUTED TO LESSENERD FRICTION ON OTHER BERLIN ISSUES, BUT THERE IS CONCERN THAT APPARENT FRG SQUEAMISHNESS IN SEEING FEA ESTABLISHMENT THROUGH TO FRUITION AND RELATED SOVIET BLUSTER COULD CAUSE DIFFICULTY FOR PROPOSALS TO BRING OTHER COMPLETELY LEGITIMATE OFFICES AND INSTITUTIONS TO WEST BERLIN. MISSION PROPOSES TO ATTEMPT TO PERSUADE POLITICIANS OF ALL BERLIN PARTIES TO REFRAIN FROM MAKING FEDERAL PRESENCE POLITICAL FOOTBALL. AT SAME TIME,

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WE WOULD URGE THAT FRG AND ALLIES JUDGE INDIVIDUAL PROJECTS ON THEIR MERITS WITHOUT BEING OVERLY DEFENSIVE.

7. ISSUE 2 - ALLIED-FRG POLICY: FRG COOPERATION AND READINESS TO CONSULT WITH ALLIES HAVE VISIBLY IMPROVED IN REGARD TO FEDERAL PRESENCE ISSUE, BUT BRUECKMANN CASE AGAIN DEMONSTRATED LATENT GERMAN PROCLIVITY TO FOIST UNPOPULAR DECISIONS ON ALLIES. SCHMIDT GOVERNMENT'S APPARENT DECISION TO DE-EMPHASIZE OSTPOLITIK IS LIKELY TO HAVE INFLUENCE ON BERLIN INTERESTS WHICH IN PAST WERE SOMETIMES NEGLECTED IN ORDER TO GIVE APPEARANCE OF PROGRESS IN EASTERN POLICY. THIS NEW, MORE-BALANCED FRG FOREIGN POLICY SHOULD MAKE PROCESS OF CONSULTATION BETWEEN BONN AND ALLIES EASIER. CHANGE IN FRG PERSONALITIES MAY ALSO HELP. ACCORDINGLY, ASSESSMENT RECOMMENDATION HAVE SOMEWHAT BETTER

CHANCE FOR SUCCESS.

8. ISSUE 3 - EFFORTS TO TREAT WEST BERLIN AS SEPARATE STATE:  
STEADY BARRAGE OF SOVIET AND GDR COMPLAINTS IN REGARD  
TO FRG REPRESENTATION OF BERLIN AND WEST BERLIN'S INCLUSION  
IN INTERNATIONAL CONVENTIONS, TREATIES, ETC., CONTINUES.  
IF THIS IS RUT WE ARE TO SETTLE INTO, SITUATION WILL OCCUPY  
LAWYERS FOR SOME TIME TO COME BUT IS OTHERWISE MANAGEABLE.  
MORE DIFFICULT TO CONTEND WITH ARE GDR PRESSURES FOR  
DIRECT NEGOTIATION WITH SENAT OF FORMAL BILATERAL AGREEMENTS  
WHERE ADMINISTRATIVE UNDERSTANDINGS WOULD DO. IN RECENT  
WEEKS PACE HAS PICKED UP AS GDR HAS EXPRESSED INTEREST IN  
PURSUING OIL-PIPELINE TALKS, WATER PURIFICATION, AND LONG-  
TERM REFUSE AND SEWAGE DISPOSAL AGREEMENTS, WHILE DANGLING  
CARROT OF POSSIBLE ACCESSION TO SENAT'S REQUESTS FOR TALKS  
ON OPENING TELTOW CANAL AND FINALIZATION OF AGREEMENT ON  
NEW SPANDAU LOCK. CONSULTATION BETWEEN ALLIES AND SENAT  
IN THIS AREA HAS BEEN RUNNING MORE SMOOTHLY SINCE ISSUANCE  
OF UMBRELLA BK/L. WE SHOULD CONTINUE TO BOLSTER SENAT IN  
RESISTING GRATUITOUS CONCESSIONS OF LEGAL FORM OR  
POLITICAL THEORY, BUT SHOULD BE PREPARED TO FALL BACK ON  
BK/L'S PROVISIONS TO PERMIT PRACTICAL AGREEMENTS AS LONG AS  
VITAL WESTERN POSITIONS ARE PROTECTED.

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FEA-02 ACDA-19 SCI-06 INT-08 DRC-01 DOTE-00 /169 W

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R 271030Z JUN 74  
FM USMISSION BERLIN  
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AMEMBASSY BONN  
INFO AMEMBASSY LONDON  
AMEMBASSY MOSCOW  
AMEMBASSY PARIS

USMISSION NATO BRUSSELS  
CINCEUR FOR POLAD  
CINCUSAREUR FOR POLAD  
USELMLO/CASTEAU  
AMCONSUL BREMEN  
AMCONSUL DUSSELDORF  
AMCONSUL FRANKFURT  
AMCONSUL HAMBURG  
AMCONSUL MUNICH  
AMCONSUL STUTTGART  
AMEMBASSY VIENNA  
AMEMBASSY COPENHAGEN  
AMCONSUL ZURICH

S E C R E T SECTION 2 OF 2 BERLIN 1079

N O F O R N

9. ISSUE 4 - SOVIET ROLE IN WESTERN SECTORS: SOVIETS HAVE BEEN CARRYING OUT TWO-PRONGED AGGRESSIVE CAMPAIGN TO STAKE OUT SIGNIFICANT ROLE IN WESTERN SECTORS. THEY HAVE TAKEN FULL ADVANTAGE OF ALL QA PROVISIONS PROVIDING FOR SOVIET PRESENCE IN WSB (EXCEPT WAREHOUSES), AND SOVIET PERSONNEL ASSIGNED HERE  
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ARE EXTREMELY ACTIVE ON ALL FRONTS. PARADOXICALLY, DESPITE LONG AND BITTER EXPERIENCE WITH SOVIETS, THERE IS TENDENCY ON PART OF MANY WESTER BERLIN POLITICIANS AND OTHER LEADERS TO COMPETE IN CULTIVATING AT LEAST ONE "HOUSE RUSSIAN" FOR THEMSELVES. SECONDLY, SOVIETS HAVE BUILT A RECORD OF TIMELY AND OFTEN VOCAL-REACTIONS TO DEVELOPMENTS IN WEST BERLIN THEY CONSIDER NEGATIVE, I.E., THROUGH DIPLOMATIC PROTESTS, PUBLIC STATEMENTS, ETC. ESTABLISHMENT OF FEA IN BERLIN PROVIDES EXCELLENT CASE STUDY OF SOVIET TACTS. BY KICKING UP FUSS, SOVIETS HAVE NOT ONLY BEEN SUCCESSFUL IN MAKING SOME KEY POLITICAL LEADERS IN FRG AND AMONG ALLIES GUN-SHY ABOUT ANY NEW INITIATIVES TO DEVELOP FRG-WEST BERLIN TIES, BUT THEY HAVE ALSO INSERTED FOOT IN DOORWAY TO PARTICIPATION IN WESTERN SECTORS DECISION-MAKING--IN SEEKING TO APPLY THE LAW OF SOVIET ACQUIESCENCE AND AT MINIMUM IN NEGATIVE SENSE IN MAKING POTENTIAL NEGATIVE SOVIET REACTIONS SERVE AS INHIBITORY FORCE. EXPERIENCE OF PAST THREE MONTHS CONFIRMS NEED TO CONTINUOUSLY BE ON ALERT AGAINST AND TO COUNTER SOVIET EFFORTS TO ASSERT ILLEGITIMATE FOURTH-POWER ROLE IN WEST BERLIN.

10. ISSUE 5 - SUSTAINING US AND ALLIED INTERESTS: THERE HAS BEEN MOVEMENT ON INTERNATIONAL AIR FRONT BUT LITTLE TO SHOW IN WAY OF ACHIEVEMENT. MAJOR US CHARTER CARRIER, MODERN AIR, HAS LOST MOST OF ITS CONTRACTS AND IS LIKELY TO CLOSE SHOP IN NEXT FEW MONTHS. PAN AM, IN ADDITION TO PICKING UP

ONE MAJOR MODERN AIR CONTRACT, HAS TAKEN INNOVATIVE INITIATIVES IN DEVELOPING PROPOSALS FOR NEW INTERNATIONAL SERVICES TO ZURICH, COPENHAGEN AND VIENNA. THESE, HOWEVER, HAVE YET TO MATERIALIZE, AND IN MEANTIME RISING COSTS AND CONSEQUENT FARE INCREASES THREATEN AIR-TRAFFIC DEVELOPMENT. HOPEFULLY, AIR COMPANIES' CONDITIONS FOR MOVE TO SUPER-MODERN TEGEL AIRPORT, DUE TO OPEN NOVEMBER 1, WILL BE MET, BUT ALL-OUT US EFFORT WILL CONTINUE TO BE REQUIRED TO OVER-COME ENTRENCHED BRITISH AND TO SOME EXTENT FRG COMMERCIAL OBJECTIONS TO PAN AM'S EXPANSION, AS WELL AS TO PERSUADE OTHER GOVERNMENTS TO COOPERATE IN PERMITTING PROPOSED SERVICES. PRELIMINARY SKIRMISHING WITH USSR OVER WEST BERLIN LANDINGS FOR LUFTHANSA EN ROUTE MOSCOW INDICATES THAT GDR WILL NOT EASILY BE PERSUADED TO GRANT OVERFLIGHT RIGHTS FOR NON-ALLIED CARRIERS WISHING TO COME TO WEST BERLIN.

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11. APART FROM PREVIOUSLY EXPRESSED ARGUMENTS AGAINST REDUCTIONS IN BERLIN GARRISON BECAUSE OF REPERCUSSIONS ON THE CITY'S MORALE, IT IS ESSENTIAL THAT BERLIN BE LEFT OUT OF MBFR PLANNING LEST IT PLAY INTO SOVIET POLICY OF ADVANCING FOURTH-POWER ROLE FOR ITSELF IN WEST BERLIN (SEE ISSUE 4).

12. ISSUE 6 - PRESERVATION OF ALLIED RIGHTS AND PRACTICES: LITTLE TROUBLE HAS BEEN ENCOUNTERED IN PAST THREE MONTHS, BUT THEN US HAS YET TO ESTABLISH DIPLOMATIC RELATIONS WITH GDR, WHICH MAY BE INHIBITING LATTER FROM ATTEMPTING TO ASSERT ITS VOICE IN CONTROLS OF ALLIED TRAFFIC OR TO CURTAIL ALLIED PRACTICES IN EAST BERLIN. HOWEVER, INVOLVEMENT OF US PERSONNEL IN EXFILTRATION ACTIVITIES REMAINS POTENTIAL SOURCE OF TROUBLE DESPITE SELF-IMPOSITION OF IMPROVED CONTROLS.  
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## Message Attributes

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